

## AGASSIZ ECONOMIC DEVELOPMENT AND EMPLOYMENT

<b>Neighborhood Study Committee:</b>	Amy Barad, Fred Meyer, Debby Galef, Miriam Goldberg, Dave Wood
<b>Absent:</b>	Joel Bard, Ross Hoffman
<b>Community Development Department:</b>	Venita Mathias

The City of Cambridge encompasses approximately 6.3 square miles and has a population of 101,355 residents. There are approximately 6,000 businesses located in the city.

### *Economic Development Policy*

In 1997, Cambridge published and approved its first economic development policy. The City bases its business support programs and services on this policy. The City seeks to provide a supportive environment where businesses can flourish, providing jobs, services, and financial stability, benefiting all members of the Cambridge community.

The policy states that Cambridge has a competitive advantage for business. Advantages include: an entrepreneurial climate where ideas and inventions transfer into products and services, an abundance of academic and medical research institutes that provide a continuous stream of scientific discovery, availability of capital from an abundance of banks, venture capitalists, private investors and quasi-public agencies, a highly skilled labor force (54% of residents have at least a college degree and 30% have a graduate degree), and a high quality of life that transfers into a good place for a business to locate. There is a layering of commercial and residential uses. The city has a pedestrian scale, a rich cultural life, a diverse well-educated population, low crime, good recreational and entertainment choices, and a high quality of municipal services.

Businesses located in the city and those who want to move to the city face some challenges. There is a limited supply of real estate. In the year 2000, the vacancy rate was about 1.6% for office space. In the last 120 days, there has been an upward trend in vacancies due to the failure of some dot.com businesses. The recent availability of sublease space in the city has increased the vacancy rate to around 10%.

There is a skills mismatch in Cambridge especially for companies that have entry level technology positions which require at least one year post high school education. Although, Cambridge has a very highly educated workforce, some companies have

difficulty fitting residents into jobs that are entry-level technology based because they do not have that one year of extra training.

The cost structure is high for businesses in the City. In the 3rd quarter of 2000, commercial office rents reached up to \$75 per square foot. Recently, the rates have dramatically dropped to between \$65 and \$40 per square foot. Transaction costs are sometimes high because there are delays in obtaining permits and licenses. The City's Economic Development Division has been helping to ease this problem by spearheading a permit and license-streamlining program.

Another challenge for businesses is traffic congestion and parking. The city has been helping to mitigate the problem through a vehicle trip reduction program.

### ***The Economic Development Division***

The Economic Development Division (EDD) at full staff has a Director and three planners. The Division offers a wide range of programs to support businesses of all sizes through their life cycle. In the year 2000, EDD provided assistance to over 450 businesses. The division provides assistance to:

- Start ups, mature businesses, and businesses at the end of their life cycle.
- High- and low-tech, women- and minority-owned businesses, which may not have an adequate networking base or access to capital.
- Microenterprises that have 5 or fewer employees including the owner.

Much of the Division's program funding comes from federal Community Development Block Grant (CDBG) funds. In order to access the funds for certain programs and services, EDD must use them to assist micro-enterprises and low-moderate income businesses.

### ***EDD Programs and Services***

EDD provides a variety of programs and services. A list of EDD programs and services follows:

- Small Business Assistance
- Financing Assistance
- Real Estate Information
- Commercial Districts Revitalization
- Permit and License Streamlining
- Economic Development Statistics, Research and Web Site

## Small Business Assistance

Small business assistance is provided free of charge to any existing Cambridge business, anyone who wants to start a business in the city, or a resident who wants to start a business anywhere, including outside the city. Services and assistance provided to small businesses include:

- One-to-one counseling
- Technical Assistance -
  - Developing Business Plans
  - Formulating Marketing Plans
  - Accessing Capital

Services are available to businesses in the start-up phase and to existing businesses facing issues from expansion and to financial distress.

*Small businesses that were provided Small Business Assistance by EDD*

*Success Stories:*

Stellabella Toys in Inman Square

The Cambridge Incubator at One Broadway - (provides space and other services and amenities to high tech small businesses)

The Baraka Restaurant on Pearl Street

2nd Gear Bicycle on Hampshire Street

Travel Agency on Norfolk Street - (has the only license in New England to book travel to Cuba)

*Women and minority business support.* Two directories have been published, a Women-owned Business Directory and a Minority Business Directory. They are meant to be used like telephone books to increase exposure, help people to network with each other and to buy goods and services from each other.

*Cambridge Business Development Center.* Initially the Center was a part of the City and was spun off about 9 years ago as a community development corporation. It is a non-profit business center located in Central Square, dedicated to helping start and grow successful businesses. The Center provides business education assistance and pulls business groups together to network. The Center also has a mentoring program that matches business people in a group setting with a mentor. Mentoring programs have been offered to retail, service, women-owned, and high-tech businesses. The Center's roster of programs include:

- Getting Started in Business (a 3 hour workshop)
- Getting Started in a Home Based Business ( a 3 hour workshop)
- Managing Your Numbers ( 8 hours workshop on basic bookkeeping and accounting)

- Small Business Development Clinic (one-on-one session with a business development specialist)
- Mentoring CEO Growth Groups (described above)
- Breakfast with the Stars (a monthly networking session for CEOs and Presidents of fast growth companies)

### **Financing assistance.**

#### *The Cambridge Business Loan Fund*

Cambridge Business Loan Fund was founded about 4 years ago by five Cambridge banks that pooled together 4 million dollars to lend to new and existing businesses. The loans are targeted to businesses that are unable to find bank loans through conventional sources. The City through the Economic Development Division takes applications. The Loan Administrator at EDD makes a decision as to whether or not it makes sense for the business to borrow the funds, and if so, makes a presentation to Loan Committee comprised of a representative from each of the banks. The bank representatives make the final decision. Loan amounts range from \$25,000 to \$150,000. The loan term is from 1-5 years with an interest rate of 2.25 over the Wall Street Journal prime. Funds can be used for working capital, to buy fixtures, to buy inventory, or for relocation costs.

If a business is not qualified for the Cambridge Business Loan Fund, the city provides referrals to other sources of capital. For example, appropriate referrals are made to the Cambridge Savings Bank has a special loan fund that lends money between \$1,000 and \$25,000 and to the Small Business Administration which provides guarantees to minority and women-owned businesses under a pre-qualification program, much like a mortgage pre-qualification.

### **Real Estate Information**

#### *Site Finder Service*

- EDD subscribes to database which provides weekly updates of available properties in the City including office, retail, industrial, and research and development space. EDD will perform a site search for businesses moving to or within Cambridge, based on the businesses specific requirements including type, size and location. EDD will then produce a report that is faxed to the business or person who made the inquiry.
- EDD publishes a development log, 10 times a year, that is a summary of large-scale residential and commercial development projects. It is available to public upon request.
- EDD keeps apprised of current market conditions and is a source of information for interested parties.

## **Commercial District Revitalization.**

- The Facade Improvement Program provides grants between \$3,500 - \$35,000. The grants are given on a matched grant basis. A program to improve full facades is offered to business owners and property owners on Cambridge Street and Central Square. To date, seven facades have been improved on Cambridge Street and 12 in Central Square. For example, Prospect Liquor Store on Cambridge Street improved their facade, signage and window display through the program. A new Signage and Lighting Improvement Program is being launched this Spring for businesses in the Central Square area.
- The Division is developing a program called "Retail Best Practices". A pilot program has been completed for businesses on Cambridge Street. A retail consultant is hired to visit interested retailers, review the conditions at their store, inform them of best practices in their store type and assist them in application to their store. The consultant assesses at the window displays, how the store is laid out, security, inventory control, cleanliness, etc. The program is being expanded this year to Central Square.
- The City is planning to lease space on the corner of Massachusetts Avenue and Magazine Street to house a retail incubator for three or four small businesses.
- EDD provides support for individual retailers through the small business assistance one-on-one counseling.
- The Division provides support for business associations around the city. The city helped businesses on Cambridge Street to form the Cambridge Street Business Association and is working with the Central Square Business Association in their efforts to form a Business Improvement District (BID). BIDs help the district with safety and cleanliness issues beyond what city services provide. Funds come from a special assessment from the business and property owners.

## **Permits and Licenses Streamlining**

EDD coordinated efforts with relevant city departments involved in the issuance or approval of permits and licenses to steam-line some of the processes for applicants.

Outcomes include:

- publishing 5 information brochures called "Step by Step Guides" for obtaining frequently requested permits or licenses.
- publishing a map and guide to all permitting offices in the City

Under development:

- an internal permit automation system is under development which will allow departments to know via computer exactly where a permit is in the development process
- an evaluation program
- a web-site is under construction
- a permit and licensing manual

## **Economic Development Statistics, Research, Publications and Web Site**

EDD provides demographic, economic and real estate market data to interested parties. Economic Development publications are available upon request and are listed on the EDD web-site, along with a complete description of all program and services provided by the Division. EDD also conducts labor and market research. For example:

- EDD is currently conducting a study of the Cambridge labor force in high growth industries. Surveys were sent to 1000 companies requesting information on the profile of their current labor force by job type and on projections for their labor force needs in 5 years. The information gleaned from the study will provide to Cambridge schools and career source training centers, current and future labor force needs of companies in these industries. This information can then be used to develop new curriculum for Cambridge residents, preparing them for the growth jobs.

## **Q & A**

Q. How do you estimate which percentage of jobs go to Cambridge residents?

A. One way the city can determine how many residents are hired is through negotiating with a developer, by creating a First Source Hiring Agreement like the one at University Park, which requires businesses to hire Cambridge residents first as part of the development right deal. Monitoring the agreement is a challenge. The Workforce Study is also one way to prepare residents for current and future job opportunities.

The City's Workforce Development Office would have a better handle on placement of residents in jobs. The office has the Cambridge Employment Program (CEP) that works as a placement agency for businesses looking for employees. It works as a matching program.

Q. How would residents communicate their interest in having a business locate to their neighborhood ?

A. The City's Economic Development Division would be a place to start. The study group could make a recommendation in their published study.